UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

EASTSIDE HOLDINGS INC., Individually and on Behalf of All Others Similarly Situated,	:	Electronically Filed
Plaintiff,	:	
v.	:	Civil Action No.: 1:08-cv-02793 (RWS) (ECF Case)
THE BEAR STEARNS COMPANIES INC., JAMES E. CAYNE, ALAN D. SCHWARTZ, WARREN J. SPECTOR, SAMUEL L. MOLINARO, JR. and ALAN C. GREENBERG,	:	Hon. John E. Sweet
Defendants.	:	

(Additional Captions on the Following Pages)

DECLARATION OF ANDREI V. RADO IN SUPPORT
OF THE MOTION OF THE STATE OF MICHIGAN
RETIREMENT SYSTEMS FOR CONSOLIDATION

RAZILL C. BECHER, Individually and on Behalf of All Others Similarly Situated, Plaintiff, v. THE BEAR STEARNS COMPANIES INC., JAMES E. CAYNE, ALAN D. SCHWARTZ, WARREN J. SPECTOR, SAMUEL L. MOLINARO, JR. and ALAN C. GREENBERG, Defendants.	:	Electronically Filed Civil Action No.: 1:08-CV-02866 (RWS) (ECF Case) Hon. Robert W. Sweet
GREEK ORTHODOX ARCHDIOCESE FOUNDATION, by and through GEORGE KERITSIS, TRUSTEE, Individually and On Behalf of All Others Similarly Situated, Plaintiff, v. THE BEAR STEARNS COMPANIES INC., JAMES E. CAYNE, ALAN D. SCHWARTZ, WARREN J. SPECTOR, and SAMUEL L. MOLINARO, JR., Defendants.	:	Electronically Filed Civil Action No. 1:08-CV-03013 (RWS) (ECF Case) Hon. Robert W. Sweet
FREDERICK S. SCHWARTZ, Individually and On Behalf of All Other Similarly Situated Persons, Plaintiffs, v. THE BEAR STEARNS COMPANIES, JAMES E. CAYNE, ALAN D. SCHWARTZ and SAMUEL L. MOLINARO, JR., Defendants,	:	Electronically Filed Civil Action No.: 1:08-CV-04972 (RWS) (ECF Case) Hon. Robert W. Sweet

GILLES BRANSBOURG, Individually and On Behalf of All Others Similarly Situated,	:	Electronically Filed
Plaintiff,	:	
v.	:	Civil Action No. 1:08-CV-05054 (RWS) (ECF Case)
THE BEAR STEARNS COMPANIES INC., JAMES E. CAYNE, ALAN D. SCHWARTZ, WARREN J. SPECTOR, and SAMUEL L. MOLINARO, JR.,	:	Hon. Robert W. Sweet
Defendants.	:	

Andrei V. Rado declares under penalty of perjury this 8th day of July, 2008:

1. I am an attorney with the law firm of Labaton Sucharow LLP, counsel for the State Treasurer of the State of Michigan, Custodian of the Michigan Public School Employees Retirement System, State Employees' Retirement System, Michigan State Police Retirement System, and Michigan Judges Retirement System (the "State of Michigan Retirement Systems" or "SMRS"). I submit this declaration in support of the motion of the SMRS for consolidation.

2. Attached hereto as Exhibit 1 is a true and correct copy of a chart demonstrating overlapping allegations between the complaints filed in *Eastside Holdings Inc. v. The Bear Stearns Cos. Inc.*, 08-cv-02973 (S.D.N.Y. filed Mar. 17, 2008) and *Bransbourg v. The Bear Stearns Cos. Inc.*, 08-cv-05054 (S.D.N.Y. filed June 2, 2008).

I hereby declare under penalty of perjury that the foregoing is true and correct.

ANDREI V. RADO (AR-3724)

Exhibit 1

Similarities in Eastside Holdings & Bransbourg Complaints
(italics indicate identical allegations)

Eastside Holdings Complaint	Bransbourg Complaint
On August 3, 2007, Bear Stearns *issued a press release* in response to a recent *Standard & Poor's ("S&P") decision to change the Company's outlook,* stating in *part:*	*On August 3, 2007,* the Company *issued a press release* that tried to put a positive spin on *Standard & Poor's ("S&P") decision to change the Company's outlook* premised upon concerns with the Company's "BSAM" hedge funds. The press release provided, in relevant *part:*
The Bear Stearns Companies Inc. said today that it is disappointed with S&P's decision to change its outlook on Bear Stearns. Most of the themes highlighted in its report are common to the industry and are not likely to have a disproportional impact on Bear Stearns. S&P's specific concerns over issues relating to certain hedge funds managed by BSAM are unwarranted as these were isolated incidences and are by no means an indication of broader issues at Bear Stearns. *"S&P's action highlights the concerns in the marketplace over the recent instability in the fixed income environment, said James E. Cayne, chairman and chief executive officer of The Bear Stearns Companies Inc. "Contrary to rumors in the marketplace, our franchise is profitable and healthy and our balance sheet is strong and liquid. Bear Stearns has thrived throughout both tumultuous and fortuitous markets for the past 84 years. We are experiencing another market cycle and we are confident in Bear Stearns' ability to succeed in this environment as it has in so many others. With respect to operating performance and financial condition, the company has been solidly profitable in the first two months of the quarter, while the balance sheet, capital base and liquidity profile have never been stronger. Bear Stearns' risk exposures to high profile sectors are moderate and well-controlled. The risk management infrastructure and processes remain conservative and consistent with past practices. This structure and strong risk management culture has allowed the firm to operate for all of its history as a public*	*The Bear Stearns Companies Inc. said today that it is disappointed with S&P's decision to change its outlook on Bear Stearns. Most of the themes highlighted in its report are common to the industry and are not likely to have a disproportional impact on Bear Stearns. S&P's specific concerns over issues relating to certain hedge funds managed by BSAM are unwarranted as these were isolated incidences and are by no means an indication of broader issues at Bear Stearns.* *"S&P's action highlights the concerns in the marketplace over the recent instability in the fixed income environment, said James E. Cayne, chairman and chief executive officer of The Bear Stearns Companies Inc. "Contrary to rumors in the marketplace, our franchise is profitable and healthy and our balance sheet is strong and liquid. Bear Stearns has thrived throughout both tumultuous and fortuitous markets for the past 84 years. We are experiencing another market cycle and we are confident in Bear Stearns' ability to succeed in this environment as it has in so many others. With respect to operating performance and financial condition, the company has been solidly profitable in the first two months of the quarter, while the balance sheet, capital base and liquidity profile have never been stronger. Bear Stearns' risk exposures to high profile sectors are moderate and well-controlled. The risk management infrastructure and processes remain conservative and consistent with past practices. This structure and strong risk management culture has allowed the firm to operate for all of its history as a public*

Eastside Holdings Complaint	**Bransbourg Complaint**
company without ever having an unprofitable quarter. *All other major rating agencies have affirmed their stable or positive outlook on Bear Stearns within the last six weeks.* (¶¶ 4, 38)	*company without ever having an unprofitable quarter.* *All other major rating agencies have affirmed their stable or positive outlook on Bear Stearns within the last six weeks.* (¶¶ 8, 50)
On this news, *Bear Stearns' stock* dropped to as low as $106.55 per share before closing *at $108.35* per share on August 3, 2007. (¶ 5)	The same day, *Bear Stearns Stock* declined $6.30 and closed *at $108.35 per share*. (¶ 9)
Subsequently, *on August 5, 2007,* Bear Stearns issued a press entitled "Bear Stearns Announces Management Changes." The press release stated in part: *The Bear Stearns Companies Inc. announced today that, effective immediately, Alan D. Schwartz has been named the company's sole president, and Samuel L. Molinaro, Jr. will become chief operating officer in addition to his current duties as chief financial officer ....* *Warren J. Spector has resigned his positions of president and co-chief operating officer, member of the Executive Committee and member of the Board of Directors of Bear Stearns.* *Commenting on the management changes, James E. Cayne, chairman and chief executive officer of The Bear Stearns Companies Inc., said, "In light of the recent events concerning BSAM's High Grade and Enhanced Leverage funds, we have determined to make changes in our leadership structure. These promotions reflect and acknowledge the depth of talent in our senior management team. Alan and Sam have demonstrated outstanding judgment and leadership skills during their long tenures at Bear Stearns, have made tremendous contributions to building the firm, and are well prepared to assume greater responsibility ....* *They all, along with many others, play critical roles in leading Bear Stearns. I have every*	*On August 5,2007,* the Company announced a management shake-up that included the ouster of defendant Warren Spector: *The Bear Stearns Companies Inc. announced today that, effective immediately, Alan D. Schwartz has been named the company's sole president, and Samuel L. Molinaro, Jr. will become chief operating officer in addition to his current duties as chief financial officer ....* *Warren J. Spector has resigned his positions of president and co-chief operating officer, member of the Executive Committee and member of the Board of Directors of Bear Stearns.* *Commenting on the management changes, James E. Cayne, chairman and chief executive officer of The Bear Stearns Companies Inc., said, "In light of the recent events concerning BSAM's High Grade and Enhanced Leverage funds, we have determined to make changes in our leadership structure. These promotions reflect and acknowledge the depth of talent in our senior management team. Alan and Sam have demonstrated outstanding judgment and leadership skills during their long tenures at Bear Stearns, have made tremendous contributions to building the firm, and are well prepared to assume greater responsibility. . . .* *They all, along with many others, play critical roles in leading Bear Stearns. I have every*

Eastside Holdings Complaint	Bransbourg Complaint
confidence in this team to continue Bear Stearns' 84-year legacy of success and profitable growth. Finally, I particularly want to thank Warren Spector for his significant contributions to Bear Stearns. *Mr. Spector said, "I am leaving with nothing but the highest respect and regard for Bear Stearns and all the talented professionals with whom I have been privileged to work. Bear Stearns is a special firm that has weathered countless challenging markets in its history. For that reason, I intend to remain a significant shareholder and will follow the firm's future success with great pride."* *Alan D. Schwartz joined Bear Stearns in 1976. He became executive vice president and head of the Investment Banking Division in 1985. Mr. Schwartz was named president and co-chief operating officer in June 2001.* *Samuel L. Molinaro Jr., executive vice president and chief financial officer, joined the company in 1986. In 1996, Mr. Molinaro was promoted to the position of chief financial officer and in 2002 was named a member of the company's Executive Committee.* (¶¶ 6, 39)	*confidence in this team to continue Bear Stearns' 84-year legacy of success and profitable growth. Finally, I particularly want to thank Warren Spector for his significant contributions to Bear Stearns."* *Mr. Spector said, "I am leaving with nothing but the highest respect and regard for Bear Stearns and all the talented professionals with whom I have been privileged to work. Bear Stearns is a special firm that has weathered countless challenging markets in its history. For that reason, I intend to remain a significant shareholder and will follow the firm's future success with great pride."* *Alan D. Schwartz joined Bear Stearns in 1976. He became executive vice president and head of the Investment Banking Division in 1985. Mr. Schwartz was named president and co-chief operating officer in June 2001.* *Samuel L. Molinaro Jr., executive vice president and chief financial officer, joined the company in 1986. In 1996, Mr. Molinaro was promoted to the position of chief financial officer and in 2002 was named a member of the company's Executive Committee.* (¶¶ 10, 51)
On October 12, 2007, Business Week published an article entitled "Bear Stearns' Bad Bet"; Two Bear Stearns hedge funds soared by specializing in exotic securities and unorthodox practices. Then they imploded, which reported material information Bear Stearns had concealed. The article stated: *... The hedge funds were built so they were virtually guaranteed to implode if market conditions turned south, according to a Businessweek analysis of confidential financial statements for both funds and interviews with forensic accounting experts, traders, and analysts.* *The funds had another potentially fatal flaw: an unusual arrangement with Barclays that gave the giant British bank the power to yank the plug - a deal that ran counter to the*	*On October 12, 2007, Business Week published "Bear Stearns' Bad Bet"*, an article detailing the demise of the *two Bear Stearns' hedge funds*. The article, among other things, detailed how the funds' investments were problematic and illiquid: *. . . The hedge funds were built so they were virtually guaranteed to implode if market conditions turned south, according to a Businessweek analysis of confidential financial statements for both funds and interviews with forensic accounting experts, traders, and analysts.* *The funds had another potentially fatal flaw: an unusual arrangement with Barclays that gave the giant British bank the power to yank the plug - a deal that ran counter to the*

Eastside Holdings Complaint	Bransbourg Complaint
interests of other investors, many of whom didn't even know about it. *The documents also cast serious doubt on the funds' supposedly strong performance before their July bankruptcies. More than 60% of their net worth was tied up in exotic securities whose reported value was estimated by Cioffi's own team - something the funds' auditor, Deloitte & Touche, warned investors of in its 2006 report, released in May, 2007. What emerges from the records is a portrait of a cash-starved portfolio piled high with debt and managers all too eager to add to the heap....* (¶¶ 7, 40)	*interests of other investors, many of whom didn't even know about it.* *The documents also cast serious doubt on the funds' supposedly strong performance before their July bankruptcies. More than 60% of their net worth was tied up in exotic securities whose reported value was estimated by Cioffi's own team - something the funds' auditor, Deloitte & Touche, warned investors of in its 2006 report, released in May, 2007. What emerges from the records is a portrait of a cash-starved portfolio piled high with debt and managers all too eager to add to the heap.* (¶¶ 11, 56)
On January 4, 2008, it was disclosed that the Bear Stearns hedge fund collapse was leading to inquiries by U.S. prosecutors. *Reuters reported:* Bear Stearns Cos officials are expected to meet in the middle of January with U.S. prosecutors to discuss the failure of two of its hedge funds, CNBC television said on Friday. On this news, Bear Stearns stock dropped another 6% *to close at $78.87 per share* on January 4, 2008, a decline of 50% from its price earlier in the Class Period. (¶¶ 8-9, 41-42)	*On January 4, 2008, Reuters reported* that the U.S. Attorney's Office for the Eastern District of New York was interviewing investors in the two failed Bear Stearns' hedge funds. On this news, Bear Stearns Stock declined $2.58, *to close at $78.87 per share*. (¶¶ 12, 58)
On March 10, 2008, information leaked into the market about Bear Stearns' liquidity problems, causing the stock to drop to as low as $60.26 per share before closing *at $62.30 per share.* (¶¶ 10, 43)	*On March 10,2008, information* began to *leak into the market about Bear Stearns' liquidity problems, causing Bear Stearns Stock to drop* an additional $7.98, to close *at $62.30 per share.* (¶¶ 13, 60)
As MarketWatch reported on March 10, 2008: Bear Stearns Cos. shares fell Monday, undercut by concerns about the brokerage firm's liquidity. *Alan "Ace" Greenberg, chairman of the New York-based company's executive committee,*	On the same day, *MarketWatch reported* on how Bear Stearns' executives began to "spin" the Company's crisis into a non-event that they could control absent extraordinary measures. For example, *Market Watch reported*: *Alan "Ace" Greenberg, chairman of the New York-based company's executive committee,*

Eastside Holdings Complaint	Bransbourg Complaint
denied any liquidity problems, according to CNBC.	*denied any liquidity problems, according to CNBC.*
	Despite defendant Greenberg's efforts, the article went on to discuss how ratings agencies were viewing the situation and how the Company's liquidity position was under pressure:
Meanwhile, Moody's Investors Service downgraded 163 bits of securities issued by Bear that are backed by so-called Alt-A mortgages. The cuts came as delinquencies and foreclosures climbed higher than expected, the ratings agency said. *Shares of Bear Stearns (BSC) dropped as much as 14% in setting a 52-week low at $60.26 earlier in the session. They stood at $64.39 during afternoon trading, down about 8%.* *Liquidity is the ability to borrow new money or raise it some other way to meet upcoming obligations and spending requirements. It also refers to the ability of brokerage firms and other market players to quickly sell assets without those holdings losing value.* *The mortgage crisis has sparked a broader credit crunch in which hedge funds, brokerage firms and others are being forced to cut borrowing, also known as de-leveraging. That's triggering forced selling, which makes the situation even worse, limiting liquidity.* *Investment banks like Bear Stearns are at the center of this phenomenon.* *"The company's shares are down again today, this time because of concerns about liquidity [banks are insisting on higher-margin levels], said Egan-Jones Ratings.* *"A core issue is whether Bear Stearns will be able raise capital and deal with the increased funding costs, the ratings agency, paid by investors rather than issuers, wrote in a Monday note to clients.* *A gauge of a company's borrowing costs can be gleaned from the market in credit-default swaps, or CDS. These derivatives pay out in the event of default, and so they appreciate in value when the perceived creditworthiness of a*	*Meanwhile, Moody's Investors Service downgraded 163 bits of securities issued by Bear that are backed by so-called Alt-A mortgages. The cuts came as delinquencies and foreclosures climbed higher than expected, the ratings agency said.* *Shares of Bear Stearns (BSC) dropped as much as 14% in setting a 52-week low at $60.26 earlier in the session. They stood at $64.39 during afternoon trading, down about 8%.* *Liquidity is the ability to borrow new money or raise it some other way to meet upcoming obligations and spending requirements. It also refers to the ability of brokerage firms and other market players to quickly sell assets without those holdings losing value.* *The mortgage crisis has sparked a broader credit crunch in which hedge funds, brokerage firms and others are being forced to cut borrowing, also known as de-leveraging. That's triggering forced selling, which makes the situation even worse, limiting liquidity.* *Investment banks like Bear Stearns are at the center of this phenomenon.* *"The company's shares are down again today, this time because of concerns about liquidity [banks are insisting on higher-margin levels], said Egan-Jones Ratings.* *"A core issue is whether Bear Stearns will be able raise capital and deal with the increased funding costs, the ratings agency, paid by investors rather than issuers, wrote in a Monday note to clients.* *A gauge of a company's borrowing costs can be gleaned from the market in credit-default swaps, or CDS. These derivatives pay out in the event of default, and so they appreciate in value when the perceived creditworthiness of a*

Eastside Holdings Complaint	Bransbourg Complaint
borrower declines. *CDS on Bear Stearns traded at 610 basis points over Treasury on Monday. A basis point is one hundredth of a percentage point.* (¶¶ 11, 44)	*borrower declines.* *CDS on Bear Stearns traded at 610 basis points over Treasury on Monday. A basis point is one hundredth of a percentage point.* (¶¶ 14-15, 61-62)
On March 13, 2008, after the market closed, news that Bear Stearns was forced to seek emergency financing from the Federal Reserve and J.P. Morgan Chase hit the market. As *Market Watch reported on March 14, 2008*: *Bear Stearns Cos. Inc. went on life support Friday, forced to accept an extraordinary bailout package after being deserted by the clients and counterparties at the heart of the Wall Street firm's business.* *Triggering a sell-off throughout the financial sector, Bear shares slumped 47% to $30, their biggest one-day drop in at least two decades.* *Bear said the rescue consists of getting short-term financing from the Fed, through J.P. Morgan, after its liquidity "deteriorated significantly" during the past 24 hours.* * * * *Bear's crisis is the latest sign that the U.S. financial system is cracking under the weight of a global credit crunch that was sparked by last year's subprime mortgage meltdown. The Fed has slashed interest rates and central banks have injected roughly $1 trillion into the banking system since then, but the crunch continues.* *The Fed's decision to bail out a brokerage firm recalls other financial crises in which authorities tried to limit turmoil by propping up institutions including Penn Central, Continental Illinois, Orange County, California and hedge fund Long-Term Capital Management.* *"What is different this time is that the dominoes are falling in so many different sectors, markets, industries and countries - all at the same time and there is yet no end in sight," said*	*On March 13, 2008,* however, *after the market closed news broke that Bear Stearns was forced to seek emergency financing from the Federal Reserve and J.P. Morgan Chase.* *On March 14,2008, Market Watch reported* the following: *Bear Stearns Cos. Inc. went on life support Friday, forced to accept an extraordinary bailout package after being deserted by the clients and counterparties at the heart of the Wall Street firm's business.* *Triggering a sell-off throughout the financial sector, Bear shares slumped 47% to $30, their biggest one-day drop in at least two decades.* *Bear said the rescue consists of getting short-term financing from the Fed, through J.P. Morgan, after its liquidity "deteriorated significantly" during the past 24 hours.* * * * *Bear's crisis is the latest sign that the U.S. financial system is cracking under the weight of a global credit crunch that was sparked by last year's subprime mortgage meltdown. The Fed has slashed interest rates and central banks have injected roughly $1 trillion into the banking system since then, but the crunch continues.* *The Fed's decision to bail out a brokerage firm recalls other financial crises in which authorities tried to limit turmoil by propping up institutions including Penn Central, Continental Illinois, Orange County, California and hedge fund Long-Term Capital Management.* *"What is different this time is that the dominoes are falling in so many different sectors, markets, industries and countries - all at the same time and there is yet no end in sight," said*

Eastside Holdings Complaint	**Bransbourg Complaint**
Sherry Cooper, chief economist at BMO Capital Markets. (¶¶ 12, 46)	*Sherry Cooper, chief economist at BMO Capital Markets.* (¶¶ 18-19, 65-66)
On this news, Bear Stearns' stock plummeted $27 *to close at $30 per share.* (¶¶ 13, 47)	*On this news, Bear Stearns' stock plummeted to $30 per share close*, giving the Company a market value of more than $3.5 billion. (¶¶ 20, 67)
As The Wall Street Journal reported on March 17, 2008: *J.P Morgan Buys Bear in Fire Sale, As Fed Widens Credit to Avert Crisis* Ailing Firm Sold For Just $2 a Share In U.S.-Backed Deal *Pushed to the brink of collapse by the mortgage crisis, Bear Stearns Cos. agreed - after prodding by the federal government - to be sold to J.P. Morgan Chase & Co. for the fire-sale price of $2 a share in stock, or about $236 million.* *Bear Stearns had a stock-market value of about $3.5 billion as of Friday – and was worth $20 billion in January 2007. But the crisis of confidence that swept the firm and fueled a customer exodus in recent days left Bear Stearns with a horrible choice: sell the firm - at any price - to a big bank willing to assume its trading obligations or file for bankruptcy.* *"At the end of the day, what Bear Stearns was looking at was either taking $2 a share or going bust," said one person involved in the negotiations. "Those were the only options."* *To help facilitate the deal, the Federal Reserve is taking the extraordinary step of providing as much as $30 billion in financing for Bear Stearns's less-liquid assets, such as mortgage securities that the firm has been unable to sell, in what is believed to be the largest Fed advance on*	*On March 17, 2008, the Wall Street Journal reported* in an article *titled "J.P. Morgan Buys Bear in Fire Sale, As Fed Widens Credit to Avert Crisis", the following:* *Pushed to the brink of collapse by the mortgage crisis, Bear Stearns Cos. agreed - after prodding by the federal government - to be sold to JPMorgan Chase & Co. for the fire-sale price of $2 a share in stock, or about $236 million.* *Bear Stearns had a stock-market value of about $3.5 billion as of Friday – and was worth $20 billion in January 2007. But the crisis of confidence that swept the firm and fueled a customer exodus in recent days left Bear Stearns with a horrible choice: sell the firm - at any price - to a big bank willing to assume its trading obligations or file for bankruptcy.* *"At the end of the day, what Bear Stearns was looking at was either taking $2 a share or going bust," said one person involved in the negotiations. "Those were the only options."* *To help facilitate the deal, the Federal Reserve is taking the extraordinary step of providing as much as $30 billion in financing for Bear Stearns's less-liquid assets, such as mortgage securities that the firm has been unable to sell, in what is believed to be the largest Fed advance on*

Eastside Holdings Complaint	**Bransbourg Complaint**
record to a single company. Fed officials wouldn't describe the exact financing terms or assets involved. But if those assets decline in value, the Fed would bear any loss, not J.P.Morgan. * * * *The deal already is prompting howls of protest from Bear Stearns shareholders, since the New York company last week indicated that its book value was still close to its reported level of about $84 share at the end of the fiscal year. "Why is this better for shareholders of Bear Stearns than a Chapter 11 filing?" one Bear shareholder asked J.P. Morgan executives in a conference call last night.* * * * *James Cayne, Bear Stearns's chairman, who had been participating in a bridge tournament when the crisis unfolded, returned to New York on Saturday and participated in the negotiations, said one person familiar with the discussions ....* *The deal is expected to close by the end of June, an unusually quick time frame. Federal regulators already have signed off on the deal, which will require a vote of Bear Stearns shareholders.* (¶¶ 14, 48)	*record to a single company. Fed officials wouldn't describe the exact financing terms or assets involved. But if those assets decline in value, the Fed would bear any loss, not JPMorgan.* * * * *The deal already is prompting howls of protest from Bear Stearns shareholders, since the New York company last week indicated that its book value was still close to its reported level of about $84 share at the end of the fiscal year. "Why is this better for shareholders of Bear Stearns than a Chapter 11 filing?" one Bear shareholder asked JPMorgan executives in a conference call last night.* * * * *James Cayne, Bear Stearns's chairman, who had been participating in a bridge tournament when the crisis unfolded, returned to New York on Saturday and participated in the negotiations, said one person familiar with the discussions.* * * * *The deal is expected to close by the end of June, an unusually quick time frame. Federal regulators already have signed off on the deal, which will require a vote of Bear Stearns shareholders....* (¶ 68)
FRAUDULENT SCHEME AND COURSE OF BUSINESS *Defendants are liable for:* (i) *making false statements; or* (ii) *failing to disclose adverse facts known to them about Bear Stearns.* *Defendants' fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Bear Stearns* common stock *was a success, as it:* (i) *deceived the investing public regarding Bear Stearns' prospects and business;* (ii) *artificially inflated the price of Bear Stearns'*	*FRAUDULENT SCHEME AND COURSE OF BUSINESS* *Defendants are liable for:* (a) *Making false statements;* and/or (b) *Failing to disclose adverse facts known to them about Bear Stearns.* *Defendants' fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Bear Stearns* Stock *was a success, as it:* (a) *Deceived the investing public regarding Bear Stearns' prospects and business;* (b) *Artificially inflated the price of Bear Stearns'*

Eastside Holdings Complaint	**Bransbourg Complaint**
common stock; and (iii) *caused plaintiff and other members of the Class to* purchase *Bear Stearns* common *stock at inflated prices.* (¶ 28)	*common stock; and* (c) *Caused plaintiff and other members of the Class to* receive, as participants in the RSU Plan and the CAP Plan, *Bear Stearns* Stock *at* artificially *inflated prices.* (¶¶ 34-35)
On December 14, 2006, Bear Stearns reported its results for FY *2006*, which included financial results for 4Q FY 2006,[1] in a release which stated in part: *The Bear Stearns Companies Inc. today reported earnings per share (diluted) of $4.00 for the fourth quarter ended November 30, 2006, up 38% from $2.90 per share for the fourth quarter of 2005. Net income for the fourth quarter of 2006 was $563 million, up 38% from $407 million for the fourth quarter of 2005. Net revenues for the 2006 fourth quarter were $2.4 billion, up 28% from $1.9 billion for the 2005 fourth quarter. The annualized return on common stockholders' equity for the fourth quarter of 2006 was 20.5%.* *For the fiscal year ended November 30, 2006, earnings per share (diluted) were a record $14.27, up 3 8% from $10.31 for fiscal 2005. Net income for the fiscal year 2006 was $2.1 billion, up 40% from the $1.5 billion earned in the twelve-month period ended November 30, 2005. Net revenues for fiscal year 2006 were $9.2 billion, an increase of 25% from $7.4 billion in the prior fiscal year. The after-tax return on common stockholders' equity was 19.1% for fiscal 2006.* *"We are pleased to announce Bear Stearns' fifth consecutive year of record net income and earnings per share, said James E. Cayne, chairman and chief executive officer. "Our continued success is a testament to our unwavering focus on serving our clients with excellence; attracting and retaining talented professionals and profitably expanding our broad and diverse franchise. I look forward to 2007 and our continued expansion both*	*On December 14, 2006, Bear Stearns* issued a press release regarding its fourth quarter and fiscal year end results for 2006. The press release provided, in relevant part, the following: *The Bear Stearns Companies Inc.* (NYSE:BSC) *today reported earnings per share (diluted) of $4.00 for the fourth quarter ended November 30, 2006, up 38% from $2.90 per share for the fourth quarter of 2005. Net income for the fourth quarter of 2006 was $563 million, up 38% from $407 million for the fourth quarter of 2005. Net revenues for the 2006 fourth quarter were $2.4 billion, up 28% from $1.9 billion for the 2005 fourth quarter. The annualized return on common stockholders' equity for the fourth quarter of 2006 was 20.5%.* *For the fiscal year ended November 30, 2006, earnings per share (diluted) were a record $14.27, up 3 8% from $10.31 for fiscal 2005. Net income for the fiscal year 2006 was $2.1 billion, up 40% from the $1.5 billion earned in the twelve-month period ended November 30, 2005. Net revenues for fiscal year 2006 were $9.2 billion, an increase of 25% from $7.4 billion in the prior fiscal year. The after-tax return on common stockholders' equity was 19.1% for fiscal 2006.* *"We are pleased to announce Bear Stearns' fifth consecutive year of record net income and earnings per share, said James E. Cayne, chairman and chief executive officer. "Our continued success is a testament to our unwavering focus on serving our clients with excellence; attracting and retaining talented professionals and profitably expanding our broad and diverse franchise. I look forward to 2007 and our continued expansion both*

Eastside Holdings Complaint	**Bransbourg Complaint**
internationally and domestically. *CAPITAL MARKETS* *Fourth Quarter* *Net revenues in Capital Markets, which includes Institutional Equities, Fixed Income and Investment Banking, were $1.8 billion for the fourth quarter of 2006, up 26% from $1.4 billion for the fourth quarter ended November 30, 2005.* *> Institutional Equities net revenues were $397 million, up 7% from $373 million for the fourth quarter of 2005. Record results from risk arbitrage and continued strong results from equity derivatives and international sales and trading contributed to this strong performance.* *> Fixed Income net revenues were $1.1 billion, up 25% from $839 million in the fourth quarter of 2005. The credit business produced record results led by the credit derivatives, distressed debt and leveraged finance areas. Mortgage revenues increased reflecting higher volumes and increased commercial-mortgage securitization activity.* *> Investment Banking net revenues were $364 million in the fourth quarter of 2006, up 58% from the $231 million in the comparable prior year period. This increase reflects fees from higher underwriting and merger and acquisition transaction volumes.* *Full Year* *Capital Markets net revenues were a record $7.0 billion for fiscal year 2006, an increase of 25% over the previous record of $5.6 billion reported in 2005.* *> Institutional Equities net revenues for the fiscal year ended November 30, 2006 were up 33% to a record $1.9 billion from $1.4 billion in fiscal 2005. Equity derivatives, risk arbitrage, energy/commodity activities and international sales and trading all delivered record results.* *> Fixed Income net revenues were a record $4.0 billion in 2006, up 23% from $3.3 billion in 2005. This was the sixth consecutive year of record results and was led by revenue growth in*	*internationally and domestically.* *CAPITAL MARKETS* *Fourth Quarter* *Net revenues in Capital Markets, which includes Institutional Equities, Fixed Income and Investment Banking, were $1.8 billion for the fourth quarter of 2006, up 26% from $1.4 billion for the fourth quarter ended November 30, 2005.* *Institutional Equities net revenues were $397 million, up 7% from $373 million for the fourth quarter of 2005. Record results from risk arbitrage and continued strong results from equity derivatives and international sales and trading contributed to this strong performance.* *Fixed Income net revenues were $1.1 billion, up 25% from $839 million in the fourth quarter of 2005. The credit business produced record results led by the credit derivatives, distressed debt and leveraged finance areas. Mortgage revenues increased reflecting higher volumes and increased commercial-mortgage securitization activity.* *Investment Banking net revenues were $364 million in the fourth quarter of 2006, up 58% from the $231 million in the comparable prior year period. This increase reflects fees from higher underwriting and merger and acquisition transaction volumes.* *Full Year* *Capital Markets net revenues were a record $7.0 billion for fiscal year 2006,* *an increase of 25% over the previous record of $5.6 billion reported in 2005.* *Institutional Equities net revenues for the fiscal year ended November 30, 2006 were up 33% to a record $1.9 billion from $1.4 billion in fiscal 2005. Equity derivatives, risk arbitrage, energy/commodity activities and international sales and trading all delivered record results.* *Fixed Income net revenues were a record $4.0 billion in 2006, up 23% from $3.3 billion in 2005. This was the sixth consecutive year of record results and was led by revenue growth in*

Eastside Holdings Complaint	Bransbourg Complaint
the mortgage and credit departments. In the mortgage business, the record results were driven by market share gains in commercial mortgage-backed securities and the growth in captive origination volumes from the vertical integration of the mortgage platform. In addition, collateralized loan and debt origination activities increased substantially. The credit franchise delivered its best results ever as the high yield, leveraged finance and credit trading areas all produced record revenues. *> Investment Banking reported net revenues of $1.2 billion for fiscal 2006, up 19% from $980 million in the prior fiscal year. The increase in net revenues was due to greater transaction volumes in both the underwriting and advisory areas ....* *WEALTH MANAGEMENT* *Fourth Quarter* *In the Wealth Management segment, which includes Private Client Services and Asset Management, net revenues were $245 million for the quarter ended November 30, 2006, up 33% from $184 million in the fourth quarter of 2005.* *> Private Client Services revenues were $133 million in the fourth quarter of 2006, an increase of 14% from $117 million in the 2005 quarter. Increased equity in client accounts, higher activity levels and robust growth in fee-based assets drove the quarterly revenue increase.* *> Asset Management net revenues grew 66% to $112 million for the fourth quarter of 2006 from $67 million in the prior year quarter. The rise in net revenues was due to increased performance fees from hedge fund products as well as management fees from a growing base of assets under management.* *Full Year* *Wealth Management net revenues were $850 million for fiscal 2006, an increase of 25% compared with $679 million in fiscal 2005.* *> Revenues from Private Client Services rose*	*the mortgage and credit departments. In the mortgage business, the record results were driven by market share gains in commercial mortgage-backed securities and the growth in captive origination volumes from the vertical integration of the mortgage platform. In addition, collateralized loan and debt origination activities increased substantially. The credit franchise delivered its best results ever as the high yield, leveraged finance and credit trading areas all produced record revenues.* *Investment Banking reported net revenues of $1.2 billion for fiscal 2006, up 19% from $980 million in the prior fiscal year. The increase in net revenues was due to greater transaction volumes in both the underwriting and advisory areas.* *WEALTH MANAGEMENT* *Fourth Quarter* *In the Wealth Management segment, which includes Private Client Services and Asset Management, net revenues were $245 million for the quarter ended November 30, 2006, up 33% from $184 million in the fourth quarter of 2005.* *Private Client Services revenues were $133 million in the fourth quarter of 2006, an increase of 14% from $117 million in the 2005 quarter. Increased equity in client accounts, higher activity levels and robust growth in fee-based assets drove the quarterly revenue increase.* *Asset Management net revenues grew 66% to $112 million for the fourth quarter of 2006 from $67 million in the prior year quarter. The rise in net revenues was due to increased performance fees from hedge fund products as well as management fees from a growing base of assets under management.* *Full Year* *Wealth Management net revenues were $850 million for fiscal 2006, an increase of 25% compared with $679 million in fiscal 2005.* *Revenues from Private Client Services rose*

Eastside Holdings Complaint	**Bransbourg Complaint**
15% to $518 million for the 2006 fiscal year from $450 million for fiscal 2005. The improvement reflects the growing contribution of revenues from fee based assets. *> The Asset Management business reported record net revenues of $332 million for the 2006 fiscal year, up 45% from $229 million in the prior year. Growth in alternative assets under management together with increased performance fees contributed to these excellent results.* *Assets under management rose to $52.5 billion as of November 30, 2006, up 25% from $41. 9 billion as of November 30, 2005.* *EXPENSES* *Fourth Quarter* *> Compensation as a percentage of net revenues was 43.6% for the fourth quarter of 2006 compared with 46.2% for the quarter ended November 30, 2005.* *> Non-compensation expenses were $469 million for the quarter ended November 30, 2006, up 9% from $429 million in the 2005 quarter. The increase is primarily related to higher occupancy fees, professional fees, and communications and technology costs associated with additional headcount.* *The 2006 fourth quarter pre-tax profit margin was 37.0%, as compared with 31.1% for the prior year quarter.* *Full Year* *> For the twelve-months ended November 30, 2006, compensation as a percentage of net revenues was 47.1% as compared with 47.9% for the 2005 fiscal year.* *> Non-compensation expenses for the fiscal year 2006 were $1.74 billion, 5% higher than the $1.65 billion reported in 2005. The increase is primarily related to increased occupancy expenses, professional fees, and communications and technology costs associated with an expanding workforce.* *For fiscal year 2006 the pre-tax margin was 34.1% versus 29.8% in fiscal year 2005.* *As of November 30, 2006, total capital,*	*15% to $518 million for the 2006 fiscal year from $450 million for fiscal 2005. The improvement reflects the growing contribution of revenues from fee based assets.* *The Asset Management business reported record net revenues of $332 million for the 2006 fiscal year, up 45% from $229 million in the prior year. Growth in alternative assets under management together with increased performance fees contributed to these excellent results.* *Assets under management rose to $52.5 billion as of November 30, 2006, up 25% from $41. 9 billion as of November 30, 2005.* *EXPENSES* *Fourth Quarter* *Compensation as a percentage of net revenues was 43.6% for the fourth quarter of 2006 compared with 46.2% for the quarter ended November 30, 2005.* *Non-compensation expenses were $469 million for the quarter ended November 30, 2006, up 9% from $429 million in the 2005 quarter. The increase is primarily related to higher occupancy fees, professional fees, and communications and technology costs associated with additional headcount.* *The 2006 fourth quarter pre-tax profit margin was 37.0%, as compared with 31.1% for the prior year quarter.* *Full Year* *For the twelve-months ended November 30, 2006, compensation as a percentage of net revenues was 47.1% as compared with 47.9% for the 2005 fiscal year.* *Non-compensation expenses for the fiscal year 2006 were $1.74 billion, 5% higher than the $1.65 billion reported in 2005. The increase is primarily related to increased occupancy expenses, professional fees, and communications and technology costs associated with an expanding workforce.* *For fiscal year 2006 the pre-tax margin was 34.1% versus 29.8% in fiscal year 2005.* *As of November 30, 2006, total capital,*

Eastside Holdings Complaint	Bransbourg Complaint
including stockholders' equity and long-term borrowings, was $66.7 billion. Book value on November 30, 2006 was $86.39 per share, based on 145.7 million shares outstanding. The company repurchased approximately 10.6 million shares of its common stock during fiscal 2006. [1]Bear Stearns' fiscal year ends November 30. (¶ 30)	*including stockholders' equity and long-term borrowings, was $66.7 billion. Book value on November 30, 2006 was $86.39 per share, based on 145.7 million shares outstanding. The company repurchased approximately 10.6 million shares of its common stock during fiscal 2006.* (¶ 36)
On February 13, 2007, Bear Stearns filed its Form 10-K for FY *2006*, which included financial results reported on December 14, 2006. The Form 10-K also included *a certification* by *Cayne*, which stated: *I, James E. Cayne, certify that:* *1. I have reviewed this Annual Report on Form 10-K of The Bear Stearns Companies Inc.;* *2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;* *3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;* *4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:* *a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its*	*On February 13, 2007, Bear Stearns filed its Form 10-K for* fiscal year *2006.* Defendant Cayne executed *a certification*, annexed as an exhibit to the Form 10-K filing, that set forth as follow: *I, James E. Cayne, certify that:* *1. I have reviewed this Annual Report on Form 10-K of The Bear Stearns Companies Inc.;* *2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;* *3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;* *4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:* *a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its*

Eastside Holdings Complaint	Bransbourg Complaint
consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; *b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;* *c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and* *d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and* *5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):* *a) All significant deficiencies and material weaknesses in the design or reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and* *b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.* (¶ 31)	*consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;* *b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;* *c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and* *d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and* *5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):* *a) All significant deficiencies and material weaknesses in the design or reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and* *b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.* (¶ 38)

Eastside Holdings Complaint	Bransbourg Complaint
Defendant Molinaro signed a nearly identical *certification* included in *the Form 10-K.* (¶ 32).	*Defendant Molinaro* executed a similar *certification* also annexed as an exhibit to *the Form 10-K* filing. (¶ 39).
On April 9, 2007, Bear Stearns filed its Form 10-Q for 1Q FY 2007, *which* stated *in part:* *The Wealth Management segment is composed of the PCS and asset management areas. PCS provides high-net-worth individuals with an institutional level of investment service, including access to the Company's resources and professionals. At February 28, 2007, PCS has approximately 500 account executives in its principal office, six regional offices and two international offices. Asset management manages equity, fixed income and alternative assets for corporate pension plans, public systems, endowments, foundations, multi-employer plans, insurance companies, corporations, families and high-net-worth individuals in the United States and abroad. Net revenues for Wealth Management increased 13.6% to $255.3 million for the 2007 quarter from $224.7 million for the 2006 quarter. PCS revenues increased 5.0% to $136.2 million for the 2007 quarter from $129.6 million for the 2006 quarter reflecting higher levels of fee-based income. Asset management revenues increased 25.3% to $119.2 million for the 2007 quarter from $95.1 million for the 2006 quarter. This increase reflects increased performance fees and growth in management fees on traditional and alternative assets under management. Pre-tax income for Wealth Management increased 37.6% to $43.8 million in the 2007 quarter from $31.8 million for the 2006 quarter.* *Assets under management were $54.1 billion at February 28, 2007, reflecting a 19.2% increase from $45.4 billion in assets under*	*On April 9, 2007, Bear Stearns filed its Form 10-Q for* the quarterly period ended February 28,2007, *which* included the financial results reported on March 15,2007. The filing also provided, *in* relevant *part*: *The Wealth Management segment is composed of the PCS and asset management areas. PCS provides high-net-worth individuals with an institutional level of investment service, including access to the Company's resources and professionals. At February 28, 2007, PCS has approximately 500 account executives in its principal office, six regional offices and two international offices. Asset management manages equity, fixed income and alternative assets for corporate pension plans, public systems, endowments, foundations, multi-employer plans, insurance companies, corporations, families and high-net-worth individuals in the United States and abroad. Net revenues for Wealth Management increased 13.6% to $255.3 million for the 2007 quarter from $224.7 million for the 2006 quarter. PCS revenues increased 5.0% to $136.2 million for the 2007 quarter from $129.6 million for the 2006 quarter reflecting higher levels of fee-based income. Asset management revenues increased 25.3% to $119.2 million for the 2007 quarter from $95.1 million for the 2006 quarter. This increase reflects increased performance fees and growth in management fees on traditional and alternative assets under management. Pre-tax income for Wealth Management increased 37.6% to $43.8 million in the 2007 quarter from $31.8 million for the 2006 quarter.* *Assets under management were $54.1 billion at February 28, 2007, reflecting a 19.2% increase from $45.4 billion in assets under*

Eastside Holdings Complaint	**Bransbourg Complaint**
management at February 28, 2006. The increase in assets under management is due to the growth in traditional equity assets and hedge funds. Assets under management at February 28, 2007 includes $8.7 billion of assets from alternative investment products, an increase from $7.0 billion at February 28, 2006. * * * *The Company's total assets at February 28, 2007 increased to $394.5 billion from $350.4 billion at November 30, 2006. The increase was primarily attributable to increases in financial instruments owned, assets of variable interest entities and mortgage loan special purpose entities, securities borrowed, and customer receivables partially offset by a decrease in securities purchased under agreements to resell. The Company's total capital base, which consists of long-term debt, preferred equity issued by subsidiaries and total stockholders' equity, increased to $71.8 billion at February 28, 2007 from $66.7 billion at November 30, 2006. This change was primarily due to a net increase in long-term debt and an increase in stockholders' equity primarily due to earnings in the February 2007 quarter as well as income tax benefits attributable to the distribution of common stock under the Company's deferred compensation plans.* (¶ 33)	*management at February 28, 2006. The increase in assets under management is due to the growth in traditional equity assets and hedge funds. Assets under management at February 28, 2007 includes $8.7 billion of assets from alternative investment products, an increase from $7.0 billion at February 28, 2006.* * * * *The Company's total assets at February 28, 2007 increased to $394.5 billion from $350.4 billion at November 30, 2006. The increase was primarily attributable to increases in financial instruments owned, assets of variable interest entities and mortgage loan special purpose entities, securities borrowed, and customer receivables partially offset by a decrease in securities purchased under agreements to resell. The Company's total capital base, which consists of long-term debt, preferred equity issued by subsidiaries and total stockholders' equity, increased to $71.8 billion at February 28, 2007 from $66.7 billion at November 30, 2006. This change was primarily due to a net increase in long-term debt and an increase in stockholders' equity primarily due to earnings in the February 2007 quarter as well as income tax benefits attributable to the distribution of common stock under the Company's deferred compensation plans.* (¶ 42)
On June 14, 2007, the Company *issued a press release* entitled "Bear Stearns Reports 2007 Second Quarter Results - Posts Record Quarterly Net Revenues of $2.5 Billion; Global Clearing Services, Asset Management and Private Client Services Divisions All Report Record Quarterly Net Revenues . *The press release stated in part:* *The Bear Stearns Companies Inc. today reported earnings per share (diluted), after a non-cash charge, of $2.52 for the second quarter ended May 31, 2007, down 32% from $3.72 per share for the second quarter of 2006.*	*On June 14, 2007,* Bear Stearns *issued a press release regarding its second quarter 2007 results. The press release* provided, *in* relevant *part,* the following: *The Bear Stearns Companies Inc.*(NYSE: BSC) *today reported earnings per share (diluted), after a non-cash charge, of $2.52 for the second quarter ended May 31, 2007, down 32% from $3.72 per share for the second quarter of 2006.*

Eastside Holdings Complaint	**Bransbourg Complaint**
Second quarter results include the effect of a $227 million or $0.88 per share (diluted) non-cash charge related to the write-down of intangible assets, representing goodwill and specialist rights of Bear Wagner Specialists. Earnings per share (diluted) excluding this charge would have been $3.40 for the 2007 second quarter. Net income for the second quarter of 2007, after the non-cash charge, was $362 million. Net income excluding the noncash charge would have been $486 million, down 10% from $539 million for the second quarter of 2006. Net revenues for the 2007 second quarter were a record $2.512 billion, up from the previous record of $2.499 billion reported for the 2006 second quarter. The annualized return on common stockholders' equity for the second quarter of2007 was 11.6%, and 16.4% for the trailing 12-month period ended May 31, 2007. Excluding the non-cash charge, annualized return on common stockholders' equity for the second quarter of 2007 would have been 15.6%, and 17.5% for the trailing 12-month period ended May 31, 2007. *"The diversity of our franchise is clearly demonstrated in the record net revenues generated this quarter, said James E. Cayne, chairman and chief executive officer of The Bear Stearns Companies Inc. "The Global Clearing Services and Wealth Management segments reported record performance while results were also very strong from debt and equity underwriting, equity derivatives and leveraged finance. Internationally, we continue to grow aggressively, hiring talented people, broadening our product platform and reaching new clients in multiple geographies."* *WEALTH MANAGEMENT* *Wealth Management net revenues for the quarter ended May 31, 2007 reached a record $341 million, up 123% from $153 million in the second quarter of 2006.* *> Private Client Services net revenues were a record $157 million, an increase of 21% from $130 million in the 2006 second quarter. The*	*Second quarter results include the effect of a $227 million or $0.88 per share (diluted) non-cash charge related to the write-down of intangible assets, representing goodwill and specialist rights of Bear Wagner Specialists. Earnings per share (diluted) excluding this charge would have been $3.40 for the 2007 second quarter. Net income for the second quarter of 2007, after the non-cash charge, was $362 million. Net income excluding the noncash charge would have been $486 million, down 10% from $539 million for the second quarter of 2006. Net revenues for the 2007 second quarter were a record $2.512 billion, up from the previous record of $2.499 billion reported for the 2006 second quarter. The annualized return on common stockholders' equity for the second quarter of2007 was 11.6%, and 16.4% for the trailing 12-month period ended May 31, 2007. Excluding the non-cash charge, annualized return on common stockholders' equity for the second quarter of 2007 would have been 15.6%, and 17.5% for the trailing 12-month period ended May 31, 2007.* *"The diversity of our franchise is clearly demonstrated in the record net revenues generated this quarter, said James E. Cayne, chairman and chief executive officer of The Bear Stearns Companies Inc. "The Global Clearing Services and Wealth Management segments reported record performance while results were also very strong from debt and equity underwriting, equity derivatives and leveraged finance. Internationally, we continue to grow aggressively, hiring talented people, broadening our product platform and reaching new clients in multiple geographies."* *WEALTH MANAGEMENT* *Wealth Management net revenues for the quarter ended May 31, 2007 reached a record $341 million, up 123% from $153 million in the second quarter of 2006.* *Private Client Services net revenues were a record $157 million, an increase of 21% from $130 million in the 2006 second quarter. The*

Eastside Holdings Complaint	**Bransbourg Complaint**
strong results were driven by higher management and performance fees from an increase in fee-based assets and favorable market conditions. *> Asset Management net revenues were also a record for the second quarter of 2007 and reached $184 million. These results show a significant increase from the $23 million posted in the 2006 second quarter. The increase was due to higher management and performance fees and favorable investment performance. Assets under management rose 25% to $60 billion on May 31, 2007, up from $48 billion on May 31, 2006.* *EXPENSES* … *The pre-tax profit margin for the quarter ended May 31, 2007 was 22.0% as compared with 33.4% for the quarter ended May 31, 2006. Excluding the write-down for impairment, the pre-tax profit margin would have been 30.7%. As of May 31, 2007, total capital, including stockholders' equity and long term borrowings, was approximately $75.1 billion. Book value as of May 31, 2007 was $92.50 per share, based on 144.7 million shares outstanding.* (¶ 35)	*strong results were driven by higher management and performance fees from an increase in fee-based assets and favorable market conditions.* *Asset Management net revenues were also a record for the second quarter of 2007 and reached $184 million. These results show a significant increase from the $23 million posted in the 2006 second quarter. The increase was due to higher management and performance fees and favorable investment performance. Assets under management rose 25% to $60 billion on May 31, 2007, up from $48 billion on May 31, 2006.* *EXPENSES* * * * *The pre-tax profit margin for the quarter ended May 31, 2007 was 22.0% as compared with 33.4% for the quarter ended May 31, 2006. Excluding the write-down for impairment, the pre-tax profit margin would have been 30.7%. As of May 31, 2007, total capital, including stockholders' equity and long term borrowings, was approximately $75.1 billion. Book value as of May 31, 2007 was $92.50 per share, based on 144.7 million shares outstanding.* (¶ 45)
On August 3, 2007, S&P cut the Company's credit rating outlook to negative, causing Bear Stearns' stock to dramatically drop *to $108.35 per share.* (¶ 37)	*On August 3, 2007, S&P cut the Company's credit rating outlook to negative, causing Bear Stearns Stock* to decline *to $108.35 per share.* (¶ 49)
LOSS CAUSATION/ECONOMIC LOSS *By misrepresenting Bear Stearns' business, the defendants presented a misleading picture of the Company's business and prospects. Thus, instead of truthfully disclosing during the Class Period that Bear Stearns' business was not as healthy as represented, Bear Stearns falsely concealed* the problems with *its* hedge funds. (¶ 52)	*LOSS CAUSATION/ECONOMIC LOSS* *By misrepresenting Bear Stearns' business, the Defendants presented a misleading picture of the Company's business and prospects. Thus, instead of truthfully disclosing during the Class Period that Bear Stearns' business was not as healthy as represented, Bear Stearns falsely concealed its* liquidity crisis. (¶ 72)

Eastside Holdings Complaint	**Bransbourg Complaint**
These omissions caused and maintained the artificial inflation in Bear Stearns' stock price throughout the Class Period and until the truth about its future earnings was revealed to the market. (¶ 53)	*These omissions caused and maintained the artificial inflation in Bear Stearns' stock price throughout the Class Period and until the truth about its future earnings was revealed to the market.* (¶ 73)
Defendants' false and misleading statements had the intended effect and caused Bear Stearns stock to trade at artificially inflated levels throughout the Class Period, reaching as high as $159.36 *per share.* (¶ 54)	*Defendants' false and misleading statements had the intended effect and caused Bear Stearns stock to trade at artificially inflated levels throughout the Class Period, reaching as high as* $171.51 *per share*. (¶ 74)
On August 3, 2007, defendants were forced to publicly disclose the extent of problems with the hedge funds, causing its stock to drop to $108.55 per share. Later, as more information came out about Bear Stearns' exposure from its subprime-related actions *and* potential criminal *investigations* of such actions, *the Company's stock declined to as low as $62.30 per share*, 60% below the Class Period high. (¶ 55)	*On August 3, 2007, defendants were forced to publicly disclose the extent of problems with the hedge funds, causing its stock to drop to $108.55 per share. Later, as more information came out about Bear Stearns'* derivative portfolio exposures *and investigations* of its credit investment hedge funds, *the Company Stock declined to as low as $62.30 per share.* (¶ 75)
On March 13, 2008, after the market closed, news of Bear Stearns' deteriorating liquidity was revealed, causing the Company's *stock* to *plunge 47%* on March 14, 2008. (¶ 56)	*After the market closed on March 13, 2008* and *news of Bear Stearns' deteriorating liquidity was revealed*, the next day Bear Stearns *Stock plunged 47%*. (¶ 76)
Then, *on March 16, 2008*, the *J.P. Morgan purchase of Bear Stearns for $2 per share* was announced causing the stock to drop *another 85%* on extremely high volume. (¶ 57)	*On March 16, 2008*, upon the announcement that *J.P. Morgan* would *purchase of Bear Stearns for $2 per share, the Company Stock dropped another 85%*. (¶ 77)

Eastside Holdings Complaint	**Bransbourg Complaint**
As a direct result of defendants' admissions and the public revelations regarding the truth about Bear Stearns' exposure to mortgage-related liability, *its profitability and its actual business prospects going forward, Bear Stearns' stock price plummeted 97%, falling from* $159 *per share in* April *2007 to* $4.30 *per share in March 2008, a decline of* $154 *per share. This drop removed the inflation from Bear Stearns' stock price, causing real economic loss to investors who had purchased the stock* at an inflated value *during the Class Period.* (¶ 58)	*As a direct result of Defendants' admissions and the public revelations regarding the truth about Bear Stearns'* derivative portfolio exposures, *its profitability and its actual business prospects going forward , Bear Stearns' stock price plummeted 97%, falling from* $171.51 *per share in* January *2007 to* $4.81 *per share in March 2008, a decline of* $166.70 *per share. This drop removed the inflation from Bear Stearns' stock price, causing real economic loss to investors who had purchased the stock during the Class Period.* (¶ 78)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

EASTSIDE HOLDINGS INC., Individually and on Behalf of All Others Similarly Situated,	:	Electronically Filed
Plaintiff,	:	
v.	:	Civil Action No.: 1:08-cv-02793 (RWS) (ECF Case)
THE BEAR STEARNS COMPANIES INC., JAMES E. CAYNE, ALAN D. SCHWARTZ, WARREN J. SPECTOR, SAMUEL L. MOLINARO, JR. and ALAN C. GREENBERG,	:	Hon. Robert W. Sweet
Defendants.	:	

(Additional Captions on the Following Pages)

<u>CERTIFICATE OF SERVICE</u>

RAZILL C. BECHER, Individually and on Behalf of All Others Similarly Situated, Plaintiff, v. THE BEAR STEARNS COMPANIES INC., JAMES E. CAYNE, ALAN D. SCHWARTZ, WARREN J. SPECTOR, SAMUEL L. MOLINARO, JR. and ALAN C. GREENBERG, Defendants.	x : : : : : : : : : : : : x	Electronically Filed Civil Action No.: 1:08-CV-02866 (RWS) (ECF Case) Hon. Robert W. Sweet
GREEK ORTHODOX ARCHDIOCESE FOUNDATION, by and through GEORGE KERITSIS, TRUSTEE, Individually and On Behalf of All Others Similarly Situated, Plaintiff, v. THE BEAR STEARNS COMPANIES INC., JAMES E. CAYNE, ALAN D. SCHWARTZ, WARREN J. SPECTOR, and SAMUEL L. MOLINARO, JR., Defendants.	: : : : : : : : : : : : : : x	Electronically Filed Civil Action No. 1:08-CV-03013 (RWS) (ECF Case) Hon. Robert W. Sweet
FREDERICK S. SCHWARTZ, Individually and On Behalf of All Other Similarly Situated Persons, Plaintiffs, v. THE BEAR STEARNS COMPANIES, JAMES E. CAYNE, ALAN D. SCHWARTZ and SAMUEL L. MOLINARO, JR., Defendants,	: : : : : : : : : : : : x	Electronically Filed Civil Action No.: 1:08-CV-04972 (RWS) (ECF Case) Hon. Robert W. Sweet

GILLES BRANSBOURG, Individually and On Behalf of All Others Similarly Situated,	:	
	:	Electronically Filed
Plaintiff,	:	
v.	:	
	:	Civil Action No. 1:08-CV-05054 (UA)
THE BEAR STEARNS COMPANIES INC., JAMES E. CAYNE, ALAN D. SCHWARTZ, WARREN J. SPECTOR, and SAMUEL L. MOLINARO, JR.,	:	(ECF Case)
Defendants.	:	

I, Thomas A. Dubbs, hereby certify, that on July 8, 2008, I electronically filed true and correct copies of the following documents:

- Notice of Motion of the State of Michigan Retirement Systems for Consolidation
- Memorandum of Law in Support of the Motion of the State of Michigan Retirement Systems for Consolidation
- Declaration of Andrei V. Rado in Support of the Motion of the State of Michigan Retirement Systems for Consolidation

with the Clerk of the Court using the ECF system which will send notification to the following:

drosenfeld@csgrr.com, jfruchter@fruchtertwersky.com, jsaks@kramerlevin.com, dfrankel@kramerlevin.com, ssinaiko@kramerlevin.com, ssaltzst@skadden.com, jkasner@skadden.com, christopher.giampapa@srz.com, alan.glickman@srz.com, gary.stein@srz.com, egoldstein@paulweiss.com, jhurwitz@paulweiss.com, bkarp@paulweiss.com, dtoal@paulweiss.com, jerry@blbglaw.com, seidman@bernlieb.com, brower@browerpiven.com, brown@whafh.com, krasner@whafh.com, nespole@whafh.com, jblock@bermanesq.com, pegan@bermanesq.com, jbleichmar@labaton.com, and jjohnson@labaton.com.

I also hereby certify that I have caused true and correct copies of the foregoing documents to be served via U.S. mail to the following:

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/s/ *Thomas A. Dubbs*
Thomas A. Dubbs (TD-9868)